

Co-operative Learning and Education in Victoria
A proposal to Consumer Affairs Victoria
by the Co-operative Federation of Victoria Ltd

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Executive summary

Every day, hundreds of thousands of Victorians use the services of co-operative and mutual organisations, although many are unaware of the organisational structure that provides that service. For more than 100 years, co-operatives and 'mutuals' have been a vital part of the commercial and social fabric of Victoria. Victorians have been well served by co-operatives operating in sectors as diverse as agriculture, retailing, child care, housing, financial services, community development and broadcasting.

Education the key to future community benefit

The Co-operative Federation of Victoria (CFV) is seeking \$350,000 in funding from the Victorian Government to source, develop and customise a comprehensive suite of on-line education resources in conjunction with the UK Co-operative College for delivery to the Victorian and Australian co-operative sector.

The proposal's objectives, details of its implementation and indicative budget are detailed on pages 16-17 and will build on the support received for and the continuing success of the **www.australia.coop** website.

Education is one of the seven principles of co-operatives and is supported in many international forums, yet in Australia, education and training is virtually absent. To address this fundamental shortcoming, the CFV initially established australia.coop to provide a learning resource on co-operation and co-operatives and has embarked on a global search for partners in a strategic co-operative education program. This search identified the important role the Co-operative College and co-operative education played in the revival of the co-operative movement in the UK in recent years.

The Co-operative College, the major provider of co-operative training in the UK and overseas, conducts programs for members, directors and employees of co-operatives. The College is progressively developing on-line courses, which the CFV believes will be the most effective method of program delivery in Victoria. The project would be supervised by the CFV, with a project steering group and reference groups made up of representatives of CFV, The Co-operative College and other project participants.

The co-operative advantage

Co-operatives occupy a different place in the community from the conventional business structure and contribute to a 'mixed ecology' of business forms, from which consumers can choose. Co-operatives care about their members' needs: economic, social, cultural and community. They are owned and controlled by their members. The 'co-operative advantage' is created because they put people first, rather than profit.

Co-operatives support communities and consumers

Co-operatives play a major role in both capacity building within communities and consumer protection.

Capacity building: Co-operatives build open markets, spreading economic power, encouraging competition and providing leverage to small producers and consumers. They empower individuals by aggregating supply and demand drawing community businesses into regional and then national networks.

Consumer protection: No amount of government or self regulation can substitute for the protection consumers afford themselves by voluntarily exercising their combined market power. Farmers have been using the co-operative structure for more than 100 years to ensure that they obtain quality inputs at fair prices and benefit from economies-of-scale in marketing and distribution. Co-operative can correct market failure, enabling those who are in a weaker market position to maximise their purchasing or selling power.

The case studies on Avoca Community Bank, the Urban Camp Co-operative and the North East Telecommunications Co-operative (see Appendix 1) show these benefits in action.

International success

Co-operatives play a major role in the economies of many countries and have garnered considerable support from their governments and institutions. In Australia, the sector has never managed to gain the same degree of institutional support enjoyed in other countries. Reasons for this include:

- Australian co-operatives developed along industry lines rather than as part of a 'movement'. As a result, unity of action and influence has taken second place to industry politics and practicalities.
- Despite numerous local and international reports to the contrary, the myth persists that co-operatives do not perform as well as proprietary companies. Co-operatives, by their very nature, are not profit driven; their 'success' is measured in member service levels. As a result, they usually fall foul of conventional profit/loss performance business analysis which do not attribute a value to service.
- In contrast to many parts of the world, there has been no public policy advocacy of co-operatives. Despite the sector's scale, it is rarely mentioned as a contemporary form of business form in academic curricula or government agencies offering business development advice.

Need for rejuvenation

Co-operative and mutuals are still of great importance in Australian economic and social life, but that importance is declining as the sector itself appears to be experiencing a 'crisis of confidence'.

The Co-operative Federation of Victoria (CFV) believes a series of initiatives are needed, aimed at rejuvenating co-operatives and other mutual organisations by providing practical assistance and education on the value of the co-operative model, and its benefits to members, the community and regional areas in a range of enterprises.

Introduction

Every day, hundreds of thousands of Victorians use the services of co-operative and mutual organisations though many are unaware of the structure of the organisation that provides that service.

In Victoria, co-operative and mutual organisations have long been a part of the commercial and social fabric, whether it be providing services to Victorian motorists via the Royal Automobile Club of Victoria (RACV) or banking and credit services via the expanding credit union movement.

Victoria leads the way in Australian food production and processing, and co-operatives are a vital and sometimes dominant part of the agribusiness scene.

The dairy processing co-operative Murray Goulburn Co-operative Co. Ltd. is the single biggest exporter out of the Port of Melbourne. The Murray Goulburn, Bonlac Foods and Tatura co-operatives together process some 80% of Victoria's total milk production. They are responsible for more than 90% of the State's dairy exports, accounting for more than 30% of Victoria's total processed food exports.

On a national scale, co-operatives process about 75% of Australia's total milk production and more than 85% of our total national dairy exports, worth nearly \$2 billion a year.

Just as importantly, they play a critical role in maintaining farmer incomes by establishing a *de facto* floor price for milk from which other processors must negotiate.

In addition to agriculture, Victorians have been well served by co-operatives operating in sectors such as retailing (Mitre 10, Warrnambool Co-operative Society, The Paint Shop), child care (Kensington Community Child Care Centre), housing (South East Housing Co-operative), community development (Mirboo North Newspaper Co-operative) and broadcasting (PBS Ltd).

Despite their long history of service, co-operatives do not exist in an economic vacuum and in recent years the sector has come under pressure. In recognition of the important role that co-operatives play in promoting an equitable and robust society, it is important for governments to lend their support to the sector.

Co-operatives' role in building strong societies

Co-operatives have long been seen to have a role in:

1. Capacity building within communities.
2. Consumer protection.

1. Capacity-building within communities

“There is no doubt that one of the tools to build the capacity of communities is co-operatives. They have had proven success in bringing economic and social benefits to communities and providing a means for community development.” Canadian Secretary of State (Rural Development), Andy Mitchell, in the Canadian Government report: ‘Co-operatives – Solutions to 21st Century Challenges’ (November 2004)

Co-operatives have an important role in building community capacity and economic strength in areas such as housing, leisure services, education, agriculture, financial services, health care, funeral services, energy and telecommunications, particularly in rural Australia.

All have features in common: they provide jobs and create local wealth in local communities, and are controlled by the people they serve. Individuals and communities can be empowered through co-operative self-help initiatives, thus providing many economic and social benefits.

Locally owned enterprises tend to be more deeply committed to their local economic base than are investor-owned companies and, as a result, profits are more likely to re-circulate in the local economy.

Co-operatives build open markets

Co-operatives spread economic power and encourage competition; they provide market leverage to small producers and consumers who would otherwise be controlled by powerful cartels or sole-source companies.

By ploughing profits made back into the business, co-operatives can operate on lower margins. As a result, they help drive down unfair prices and set a competitive range for goods and services.

Co-operatives empower individuals

Co-operatives help people escape poverty and achieve dreams such as home ownership or giving their children an education. They empower individuals by giving them the opportunity to participate in decisions which have an impact on them.

Co-operatives provide an organised way for low-income people to relate to sometimes distant governments and economic power structures. They can be systems for development, drawing community businesses into regional and then national networks. Local co-operatives can benefit from larger business volume, operating efficiencies and professional management.

Co-operatives support diversity

The diversity characteristic recognises that there is no specific institution, or organisational model that is ideal for community capacity building. To create optimum conditions for capacity building, a diversity of options and choices is required. Co-operative are one of the models that make up the diversity.

Co-operative are an excellent example of an organisational structure which can simultaneously address entrepreneurial and social objectives in a mutually reinforcing way.

Co-operatives meet community needs

Co-operatives are particularly suited as vehicles for achieving diverse community capacity building objectives, including:

- enabling those who have little capital to influence economic decision making;
- enabling citizens to determine and provide for themselves the services they need;
- benefiting local markets and servicing local needs in the regions and sectors where co-operatives are active;
- providing schools of enterprise and management, particularly to people who might not otherwise have access to positions of responsibility; and
- providing stability - the purpose of a co-operative is to benefit its members rather than to provide a return on capital, so they can often survive and succeed in circumstances where investor-owned businesses would be considered unviable.

The case studies on Avoca Community Bank and the Urban Camp Co-operative (see Appendix 1) provide an example of co-operatives' role in this vital community area.

2. Consumer protection

Co-operatives are a powerful form of consumer protection. No amount of government or self regulation can completely substitute for the protection consumers can afford themselves by coming together voluntarily and exercising their combined market power.

For example, agricultural co-operatives are often a response to monopoly conditions whereby one buyer dominates the local or regional market. Farmers have been utilising the co-operative structure for over one hundred years to ensure that they obtain quality inputs at fair prices and utilise economies of scale in adding value to marketing and distributing produce.

Similarly, individual consumers have used the co-operative structure to ensure they have access to quality goods and services at fair prices. Examples of this consumer power are shown in two Victorian co-operative/mutual organisations.

1. The North East Telecommunications Co-operative Ltd (NETC) based in Wangaratta in Victoria is the only co-operatively owned ISP in Australia. It has been providing dial-up services to its members and other customers since the mid-1990s (see Appendix 1). Initially, NETC enabled consumers in North-East Victoria to access the Internet at the cost of a local call when this service wasn't being provided by any other organisation. As the telecommunications marketplace has evolved, so too has NETC. In the face of growing competition, it is endeavouring to provide an enhanced level of service to its members.
2. Our Energy Inc (OE), also located in North-East Victoria, is a community-based aggregation of small electricity consumers. Using its aggregated purchasing power, OE has recently successfully negotiated significant price reductions for those members.

It is worth noting that neither of these examples would be particularly significant in the US; the majority of rural Americans have their electricity, telephone and telecommunication needs met through co-operatives.

Co-operatives are particularly suitable vehicles for providing consumer protection because they:

- correct market failure – enabling those who are in a weaker market position to combine their purchasing or selling power; and

- give market power to people or smaller enterprises where homogenous products and/or services are needed, e.g. electricity.

The co-operative sector in Australia

Co-operatives were first established in Australia in the 1830s with the formation of Friendly Societies. Agricultural co-operatives began to be formed in the 1880s and have played a dominant role in the development of Australian agriculture. Credit union co-operatives were established in the 1940s.

Co-operatives are significant at both Federal and State levels. In 2000, there were 2800 co-operatives in Australia – including 250 housing co-operatives, 213 credit union co-operatives, 48 friendly societies, 18 building societies. Some 37 co-operatives were among the largest 500 private companies in Australia, including Victoria's Bonlac Foods, Murray Goulburn and Tatura Milk Industries.

Co-operatives under pressure

The importance of co-operatives and mutuals appears to be declining, partly because the sector itself seems to be experiencing a 'crisis of confidence'. Some large co-operatives are seeking to convert to public companies, severing the link between membership and control. A major driver in this is the 'belief' that this is the only way they can obtain the capital to compete successfully in the global economy. Others are losing members as part of what has been described as a decline in our community's 'social capital' – or the capacity to work together in the common interest.

There are a number of issues which contribute to the vulnerability of co-operatives. These include:

Need for a homogenous co-operative movement

In Australia, co-operatives have never really developed as part of a 'movement', as they have in countries such as the US and UK. Instead, they have developed along industry lines with little or no interaction between sectors. As a result, the philosophy of co-operative development and unity of action associated with a 'movement' has taken second place to industry politics and practicalities. The true value and philosophy of 'co-operation' has been lost to the present generation of co-operators.

This shift has been accelerated by the influence of competitive market forces on our political, social and economic systems, which undermines collectiveness and rewards individualism.

While many of these factors are global in nature, some of the blame must rest with the local and international co-operative movement. In particular, co-operative directors and members who have not been sufficiently committed to the co-op principles and education. They have allowed CEOs trained in 'neoliberal' business practices to convince them that the co-operative structure is limited.

The myth of co-operative under-performance

Despite numerous local and international reports to the contrary, the myth persists that co-operatives do not perform as well as proprietary companies.

Mainstream business analysis methods perpetuate the myth because they have limited ability to measure the success of co-operative businesses. Co-operatives by their very nature are not profit driven; their 'success' is reflected in their member service levels. As a result, they usually fall foul of conventional profit/loss performance business analysis.

Lack of advocacy in the public policy arena

In contrast with other countries, there has been little public policy advocacy of co-operatives by government agencies. Here in Victoria, over the years there has been little institutional support for co-operatives and the sector's peak body has been financially weak. The weakness throughout the co-operative sector chain is a whole-of-sector deficit which feeds off itself in a vicious circle.

Lack of institutional and educational support

Despite the scale of the co-operative sector in Australia and world-wide, it is rarely mentioned as a contemporary business form in the curricula of educational institutions at all levels. Academic thinking tends to revolve around either the public sector or investor-owned models in the private sector. There has never been a systematic attempt to develop the educational resource to explain and promote the value, application and usefulness of the co-operative model in Australia.

Signs of co-operative rejuvenation

Despite the problems facing co-operatives in Australia, organisations based on principles of mutuality and co-operation still have a great deal to offer increasingly fractured and divided societies. New co-operative forms are emerging to address pressing social problems such as health care, long-term unemployment and to provide a range of community services previously delivered by governments.

Modified co-operative structures, such as 'new generation co-operatives' are being developed in Canada and the US to overcome some of the capital constraint issues of the past.

As government priorities move away from the direct provision of services to the community, co-operatives offer a way to maintain an element of democratic control over such service provision and delivery.

Properly supported, member-owned organisations can overcome the decline of social capital that is a consequence of the increasing reach of the market and its conversion of 'citizens' into 'consumers'.

Australia needs a series of initiatives aimed at rejuvenating co-operatives and other mutual organisations by providing practical assistance and education on the value of the co-operation and the benefits to the member, community and region by the use of the model in a range of enterprises.

It is in this context that the Co-operative Federation of Victoria has embarked on a range of activities aimed at stimulating and supporting this rejuvenation.

The international movement

“Co-operative enterprises provide the organisational means whereby a significant proportion of humanity is able to take into its own hands the task of creating productive employment, overcoming poverty and achieving social integration...” Kofi Annan – UN Secretary General

Co-operative enterprises provide 100 million jobs world-wide – far more than multinational corporations.

As co-operatives have spread around the world, each country has evolved its own national traditions and local political systems which have influenced the way in which the ‘co-operative idea’ has been put into practice. As a result, there is incredible diversity in application of the co-operative model across the globe.

There are thousands of examples of co-operation at work in most countries of the world, including:

- In the **United States**, total revenue for the top 100 co-operatives was US\$74 billion (in 2000), with 48,000 co-operatives supplying goods and services to more than 40% of the population.
- Co-operatives handle 40% of farm cash receipts in **Canada** and 4 in 10 Canadians are members of at least one co-operative.
- The global banking giant Rabobank is a Dutch-based co-operative. In the **Netherlands** it is the dominant bank, serving more than half the population.
- In **Denmark**, co-operative farm supply organisations handled nearly 50% of the total Danish turnover and almost every Danish farmer is a member of at least one co-operative society and many are members of several.
- **Scandinavian** retailer Coop Norden has 28,000 employees and a turnover of 84 billion SEK.
- In **New Zealand**, Six of the top 20 companies by turnover are co-operative. Fonterra, the country’s biggest co-operative, processes more than 98% of NZ dairy production and is the fifth largest dairy processing organisation in the world. The Foodstuffs Group has a 56% market share of supermarket sales.

The European Union has recognised the growing importance of the ‘social economy’ and the role co-operatives play in that sector, acknowledging that such a vibrant social enterprise sector need to be supported through appropriate mechanisms. Similarly, the International Labour Organisation (ILO) recommendation 193 – Promoting Co-operatives is now being considered by governments around the world. Its statement strongly asserts the importance of co-operatives in the 21st Century.

The promotion of co-operatives should be considered as one of the pillars of national and international economic and social development.

ILO recommendation 193 – Promoting Co-operatives 2002

The cornerstones of the co-operative movement

The co-operative advantage

Co-operatives care about their members' needs – economic, social, cultural and community. They are owned and controlled by their members and designed to meet member needs – they put people first. They are democratic (one member, one vote) organisations that exist for community as well as economic benefits.

Co-operatives are markedly different from conventional, investor-owned businesses and contribute to a 'mixed ecology' of business forms that gives consumers and communities a wider range of options.

The 'co-operative advantage' begins with the 'seven principles of co-operation'. While these principles have their roots in the 19th Century, they are viable guidelines for a healthy and fair economic structure in the 21st Century. The seven principles, followed by co-operatives the world over, are:

- voluntary and open membership;
- democratic member control;
- member economic participation;
- autonomy and independence;
- education, training and information;
- co-operation among co-operatives; and
- concern for the community.

Co-operatives and mutual societies have not been the only organisations to espouse these values, but they have done so consistently and in a way that has cut across class and party divisions. They have a common theme of collective self help and organisation to give the individually weak a voice.

The role of the Co-operative Federation of Victoria (CFV)

During the past three years, with funding primarily provided through Consumer Affairs Victoria, the CFV has developed **australia.coop**.

australia.coop: The CFV has been the lead agent in Australia in the development of one of the first .coop country portals established in the world. It has generated monthly 'web traffic' for the CFV far in excess of that generated by telephone and e-mail combined. There is no other website in Australia that provides its range and depth of co-operative content. During 2003 and 2004 the website generated more than 350,000 hits with 207,500 pages viewed and total visits of almost 100,000. (appendix 2 Testimonials)

In addition CFV has also produced a range of hard copy and electronic publications aimed at promoting a greater understanding of co-operative issues to assist in co-operative formation, co-operative governance and the co-operative option. These include:

The Co-operative Start Up Manual: the manual takes the reader step by step through the process of co-operative formation. (Available in hard back and electronic form).

Co-operative Advantage: Developing Directors of Co-operatives Kit and workshop program: the Directors Kit is designed for self directed study, individually or in groups. It takes the reader through the special characteristics of co-operative directorship. Also available in hard back and electronically.

The Co-operative Dictionary: a reference manual for co-operatives and their members.

Why Do Co-operatives Fail as Co-operatives?: highlights the major factors which weaken the functioning of the co-operatives.

National Co-op Update newsletter: a reference resource of the bimonthly national co-operative newsletter – National Co-op Update. Published between 1997 and 2003.

Many of the publications produced by CFV are available on-line. The number of these publications being downloaded from the australia.coop website is around 8,000 per month and continues to grow.

Our experience has been that electronic copies are in greater demand than hard copies. An increasing number of co-operative publishers have learnt that the demand for electronic copies exceeds the demand for hard copies, e.g ACCORD, Co-operativesUK, the Centre for Co-operatives at the University of Saskatchewan and the British Columbia Institute for Co-operative Studies.

All these organisations provide electronic versions of their publications for free – the goal is to distribute the publications rather than to make money and electronic publishing is cheaper than hard copy.

CFV has also recently been commissioned by the International Co-operative Alliance to undertake a profiling exercise on the world's largest co-operatives and been asked by ACCORD to develop a series of case studies on Victorian co-operatives.

Co-operative learning and education – strength for the future

Co-operative learning and education is fundamental to the formation, development and ongoing success of co-operatives. It is one of the seven principles of co-operatives and is supported in many international forums, yet in Australia, education and training is virtually absent.

The movement's founding fathers envisaged that co-operatives themselves would provide training and education for their members, boards and staff so that they could contribute effectively to the development of their co-operative. Unfortunately, in a modern world dominated by competitive forces and profit maximisation, the benefits of education within a co-operative are no longer self-evident.

With this in mind, the CFV embarked on a project to investigate options for the development and provision of learning and educational resources for the co-operative sector. Initially this involved the development of **australia.coop** to provide a unique resource of materials on co-operatives - in particular on co-operative formation, governance and the co-operative option. However, in itself **australia.coop** is not enough and needs to be supported by comprehensive co-operative education program

CFV took a global approach in its search for resources to develop a strategic co-operative education program and became aware of the important contribution that co-operative education is making to the co-operative movement's revival in the United Kingdom.

Central to revival is The Co-operative College, the major provider of co-operative training in the UK.

The College, in Manchester, conducts programs for members, directors and employees of co-operatives and is committed to putting co-operative values into practice through life-long learning.

The College is progressively developing on-line courses, which the CFV believes will be the most effective method of program delivery in Victoria. (See Appendix 3 for more details on Co-op College and its courses)

CFV director, Graeme Charles, spent time at the UK College in 2003 in discussion with senior personnel.

The College has committed itself to working with the CFV to develop a comprehensive on-line co-operative education program in Victoria and (at a later date) nationally.

Many of the existing Co-operative College courses and related products are well suited for delivery in Victoria. However, they will need some modification and adaptation to suit Victorian (and wider Australian) circumstances.

While all the elements are in place for the development of a comprehensive, accredited and authoritative educational resource, the CFV's limited budget cannot bring the education program to fruition. It is seeking support from the Victorian Government to establish this major initiative in co-operative education and development.

Educational Program Proposal

The CFV is seeking funds from the Victorian Government to source, develop and customise a comprehensive suite of on-line education resources from The UK Co-operative College for delivery to the Victorian and Australian co-operative sector.

On-line delivery of material specially designed for distance education has shown itself to be a very cost effective means of information delivery. In the area of adult education, on-line delivery allows the progression through the course at the pace of the user.

The Co-op College brings a practical and focused attention to education and training, informed by high quality research and experience in international co-operative development, new organisational forms and contemporary management practices.

Objectives of the proposal

- To advance the theory and practice of Victorian co-operative and mutual organisations and their strategies through the provision of a comprehensive education resource.
- To develop better governance and improve management skills within the Victorian co-operative sector by developing and providing training program and other self education material.
- To build stronger relationships between Victorian co-operative and mutual groups to foster mutual support and cross fertilisation of knowledge and ideas.
- To establish the Victorian program as a resource base for the development of a national on-line system of co-operative education.

Steps to establish the co-operative education program

1. Undertake a Training Needs Analysis to identify co-operative education priorities and preferences.
2. Research and draft Australian customisation of UK Co-operative College programs.
3. Edit revised content into programs.
4. Recruit pilot group of Australian co-operative directors to test programs.
5. Recruit on-line tutors to assist and ascertain pilot groups.
6. Undertake pilot programs with UK host and some Australian online support through **australia.coop**
7. Review findings from pilot programs, make necessary amendments as required (content and technical) for launch of a number of modules.

8. Commission new modules to meet needs identified through Training Needs Analysis. College to provide structure, CFV to provide copy, and the College to edit and construct modules.
9. Identify and develop capacity for Australian based learner support. Training the trainers workshop sessions in Australia for online tutors and co-operative identity workshop facilitators.
10. Investigate Australian hosting of programs and finalise ongoing partnership between Australian partners and UK Co-operative College.

The Project would be supervised by the Co-operative Federation of Victoria Ltd, which would set up a Project Steering and Reference Group consisting of representatives drawn from CAV, the Co-operative College, the Federation and other potential project participants.

Responsibility for completing steps would be shared between the Federation and The Co-operative College. It is envisaged that the Project would be completed within 12 months of funding being made available.

Project budget

Training Needs Analysis	\$30,000
Research and draft Australian customisation of UK Co-operative College programs	\$50,000
Pilot study Australian co-operative directors to test programs	\$20,000
Recruit on-line tutors	\$10,000
Undertake pilot programs with UK host	\$25,000
Review findings from pilot programs and launch of modules	\$35,000
Commission new modules from Co-op College	\$70,000
'Train the trainers' and 'co-operative identity' workshop sessions in Australia	\$55,000
Investigate Australian hosting of programs and finalise ongoing partnership between Australian partners and UK Co-operative College	\$30,000
Strengthening australia.coop (as previously requested)	\$25,000
<u>Total funding sought for project</u>	<u>\$350,000</u>

Appendix 1: Case studies

Avoca District Co-operative: providing banking facilities to rural areas

Avoca District Co-operative is the owner-operator of the Avoca Community Bank branch of Bendigo Bank.

In 1998, the central Victorian town of Avoca (pop. 1000), like many other country towns, faced a complete loss of banking services. A small group of members of the then Avoca Chamber of Commerce and Progress Association met with Rob Hunt, chief executive officer of the Bendigo Bank to discuss the bank's Community Bank initiative.

The Bendigo Bank preferred to work with 'a company limited by guarantee' as the corporate entity that defined the community bank partnership, believing it could be set up more quickly and cheaply than alternatives. The Avoca Community Bank Steering Committee sought advice about alternatives.

The co-operative's foundation secretary, Tony O'Shea, says that when the suggestion of a trading co-operative was presented, the Bendigo Bank's legal adviser initially said it would take too long to set up. Furthermore, it would have adverse taxation implications, which would hinder profit distribution back to the local community.

"Having demolished both those arguments, the committee proceeded to form the Avoca District Co-operative," Mr O'Shea said.

A month later, in December 1998, it was incorporated and registered.

The co-operative's incorporation enabled it to issue share certificates to its 240 original members, who contributed share capital ranging from \$200 to \$5000 a member. This was in contrast to asking them to sign away the right to their money for an indefinite period as would have been the process had the Bendigo Bank's preference prevailed.

According to Mr O'Shea, another benefit was that the total cost of establishing the co-operative, including a feasibility study, amounted to less than \$10,000. Other communities establishing community bank branches have incurred costs of double or nearly triple that amount.

The Avoca District Co-operative has recruited an excellent manager and three customer service officers. This, coupled with tight cost-control measures, allowed it to reach the point of monthly revenues exceeding monthly costs after less than a year, rather than the expected end of the second year of trading.

Everyone connected with the co-operative seems delighted with its progress. Mr O'Shea reports that the co-operative is planning to investigate other co-operative activities, such as energy purchasing, telecommunications and a booking agency for local unemployed tradesmen and women.

Urban Camp Melbourne Co-operative: linking rural and urban groups

The Urban Camp Melbourne Co-operative is an innovative partnership linking Melbourne and country Victorians by providing a unique city experience for schoolchildren and members of community groups.

The camp, the first of its kind in Australia, is located in Melbourne's Royal Park, on the city's edge.

The co-operative has 450 member shareholders. Members include about 300 primary, secondary and special education schools, exchange student groups (from Hong Kong, Thailand, Philippines, Malaysia, Indonesia and Europe) and various community, sporting and religious groups from across Australia.

It helps visitors experience the many cultural, historical, educational, recreational and sporting assets of Melbourne, while staying in safe, affordable accommodation.

The Urban Camp began life as an employment creation project in 1984 and has been financially independent since 1985. During this time, the Camp has played host to more than 60,000 people, contributed in excess of \$2.5 million to the City of Melbourne economy and created 10 permanent and part-time jobs. The co-operative has an annual turnover approaching \$400,000 and is managed by a voluntary board of directors, most of whom live in inner-Melbourne suburbs.

Shareholder members make a once-only \$10 purchase of shares and contribute to the direction of the Camp through attendance at annual meetings and their use of the facility throughout the year.

A major redevelopment of the Camp has just been completed at a total cost of about \$3 million. Patrick O'Sullivan, manager of the Urban Camp, says the physical redevelopment began in 1998. "The first stage of the redevelopment upgraded the toilets, showers, kitchen, meeting room, laundry, sick room and office. The second stage upgraded the accommodation with full disabled access. This will enable the Camp to cater for not only country school children, but also older and more varied community groups who wish to stay in Melbourne at a most reasonable cost."

In summary, the Urban Camp Melbourne Co-operative is:

- an innovative partnership linking Melbourne with rural Victorians;
- a not-for-profit community-based organisation;
- a contributor to Melbourne's heritage and environment; and
- an active partner with Melbourne City Council in demonstrating the benefits of environmental, economic, heritage and social linkages.

North East Telecommunications Co-operative Ltd: Dialling in to service

North East Telecommunications Co-operative Ltd. (NETC) is an internet service provider in North East Victoria offering the community communication services, business systems development and information brokerage.

NETC's Mission: To provide outstanding alternatives in a comprehensive range of online services offering technological leadership and business and community engagement and support, It aims to build strong relationships with members – using a locally accountable co-operative structure encouraging active member participation for NETC and community growth.

Established as a co-operative in 1999, NETC is Australia's first telecommunications co-operative. It grew out of an incorporated association that originally established a 'Telecentre' in Wangaratta in 1993 with funding from the Commonwealth Government Telecentre program. It was decided to convert the association into Australia's first telecommunications co-operative because of the compatibility between community networking and the co-operative form of business. It is important to note that the Telecentre initially moved into Internet service provision at a time when local call access wasn't otherwise available in Wangaratta and the region. It was able to meet people's needs when no other provider was prepared to do so.

NETC has around 600 members and more than 2500 users. Its aim is to convert all users into co-operative members – educating and encouraging them to actively participate and share in the ownership and control of the development of online services in North East Victoria.

NETC is governed by a board of seven directors drawn from the membership. It has a staff of eight. Executive Officer Peter Jamieson has been with the organisation since its inception and provided the vision that sees the co-operative where it stands today: Australia's only telecommunications co-operative with an annual budget of around A\$1 million.

NETC has maintained its strong local market position by building on its community linkages and re-inventing itself. The telecommunications market in Australia has become very competitive and NETC does not have the financial reserves to compete on price alone in a marketplace where a plethora of ISPs now offer local call access at ever decreasing subscription rates. It competes by building and sustaining local community and business infrastructure and building a reputation in the local community as an honest broker and as a quality solutions provider and developing new ways to remain competitive.

Appendix 2

Testimonials on australia.coop

July 2004

“Congratulations CFV on an excellent web site.”

Gary Lewis

Australian co-operative historian

“Congratulations on the launch of Australian coop. This is a major milestone for the co-operative community in Australia.”

Kay Nemoto

Poptel United, UK

“Congratulations on a very effective and attractive site.”

Dr. Race Mathews

Australian co-operative author and former Government Minister

“Your site is looking good.”

Helen Mc Call

Executive Officer, Co-operative Federation of NSW

“Everyone was thrilled with how the site meets the program goals for Community Names.”

Carolyn Hoover

Information Lead, dotCoop Operations Centre, Washington DC, USA

“I would like to congratulate you on your evolving website.”

Garry Cronan

General Manager, ACCORD

“I have perused your web pages and have found it to be first class.”

Myrtle Richards

Administrator, Kuru Kuru Co-operative College, Guyana

“Again, congratulations on the achievement.”

Jim Howard

Executive Officer, Co-operative Federation of Queensland

“You are doing good work and congratulations.”

Jenny de Villiers

Co-operative College, UK

“It is extremely helpful in expanding our knowledge of Australian co-operatives.”

Michael L. Cook

Robert D. Partridge Chair, University of Missouri – Columbia, USA

“I am a frequent visitor and have enjoyed keeping up with the debate on demutualization that seems to be smoldering away in Australia.”

John Rouse

Senior Officer and Group Leader, Co-operatives and Farmer Organizations Group, Rural Initiatives and Participation Service, Food and Agriculture Organization.

Appendix 3



www.co-op.ac.uk

Established in 1919 and located in Manchester, the college is the only national provider of co-operative and membership education, training, and development.

It aims to excel in the provision of adult and life-long learning programs that emphasise co-operative values and principles. One of its key strategic objectives is to help meet the training and development needs of the growing range of co-operative, mutual and social enterprises regionally, nationally and **internationally**.

College curriculum of particular relevance to this proposal includes:

1. The new member and director framework: Accredited through Oxford and Cambridge

The framework consists of four programs:

A. Foundation certificate in co-operation

B. Certificate in co-operation

C. Co-operative directors diploma

D. Advanced directors diploma

The Co-operative directors diploma, for example, is aimed at co-operative directors who wish to extend their skills and knowledge of the broader context of the co-operative movement. It is delivered as a series of nine individual units, the first six of which are core:

Core units

- Co-operative values and principles
- Developing active membership
- Effective co-operative governance
- Creating effective boards
- Financial decision making
- Evaluating the co-operative advantage

Non core units

- legal functions and responsibilities
- Enabling effective participation
- Social responsibility and co-operation
- Successful co-operative enterprise
- Presentation skills
- Chairing skills
- Better performance

2. An on-line learning module: A different kind of business

This module, designed for new employees and members, provides an introduction to the co-operative movement and its values.

The Co-operative College designs, develops and delivers programs of training and education to help individuals and groups achieve the level of skill, knowledge and understanding required to translate co-operative ideals into effective practice.

Its staff of 20 people is headed by chief executive and principal Mervyn Wilson, whose entire working life has been spent with the co-operative movement.

Since joining the college in 1992, he has played a key role in developing programs for directors and members of co-ops and programs around co-operative identity values and principles.